

1-1 By: King, Kolkhorst S.B. No. 1287  
 1-2 (In the Senate - Filed February 28, 2023; March 9, 2023,  
 1-3 read first time and referred to Committee on Business & Commerce;  
 1-4 March 31, 2023, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 7, Nays 3; March 31, 2023,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

|      | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-8  |     |     |        |     |
| 1-9  | X   |     |        |     |
| 1-10 | X   |     |        |     |
| 1-11 |     |     | X      |     |
| 1-12 | X   |     |        |     |
| 1-13 | X   |     |        |     |
| 1-14 |     | X   |        |     |
| 1-15 | X   |     |        |     |
| 1-16 |     | X   |        |     |
| 1-17 | X   |     |        |     |
| 1-18 | X   |     |        |     |
| 1-19 |     | X   |        |     |

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1287 By: King

1-21 A BILL TO BE ENTITLED  
 1-22 AN ACT

1-23 relating to the cost of interconnecting certain electric generation  
 1-24 facilities with the ERCOT transmission system.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 35.004, Utilities Code, is amended by  
 1-27 amending Subsection (d) and adding Subsections (d-1), (d-2), and  
 1-28 (d-3) to read as follows:

1-29 (d) The commission shall price wholesale transmission  
 1-30 services within ERCOT based on the postage stamp method of pricing  
 1-31 under which a transmission-owning utility's rate is based on the  
 1-32 ERCOT utilities' combined annual costs of transmission, other than  
 1-33 costs described by Subsections (d-2) and (d-3), divided by the  
 1-34 total demand placed on the combined transmission systems of all  
 1-35 such transmission-owning utilities within a power region. An  
 1-36 electric utility subject to the freeze period imposed by Section  
 1-37 39.052 may treat transmission costs in excess of transmission  
 1-38 revenues during the freeze period as an expense for purposes of  
 1-39 determining annual costs in the annual report filed under Section  
 1-40 39.257. Notwithstanding Section 36.201, the commission may approve  
 1-41 wholesale rates that may be periodically adjusted to ensure timely  
 1-42 recovery of transmission investment. Notwithstanding Section  
 1-43 36.054(a), if the commission determines that conditions warrant the  
 1-44 action, the commission may authorize the inclusion of construction  
 1-45 work in progress in the rate base for transmission investment  
 1-46 required by the commission under Section 39.203(e).

1-47 (d-1) The commission by rule shall establish a reasonable  
 1-48 allowance to be applied on a per megawatt basis for costs incurred  
 1-49 to interconnect generation resources directly with the ERCOT  
 1-50 transmission system at transmission voltage, including costs of  
 1-51 utility interconnection facilities. The allowance must:

1-52 (1) take into account:

1-53 (A) average historical dispatchable generation  
 1-54 interconnection costs; and

1-55 (B) the reliability impact to the grid of the  
 1-56 interconnecting resource and whether the interconnecting resource  
 1-57 increases reliability or volatility in managing the grid; and

1-58 (2) be designed to lower costs to consumers and  
 1-59 encourage owners of generation resources to locate the resources  
 1-60 closer to load.

